

Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 PA-02 PRS-01 /107 W
-----073837 261838Z /50

R 261422Z AUG 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 1468
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BELGRADE
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY VIENNA

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E.O. 11652: N/A
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TAGS: EFIN, SW
SUBJECT: SWEDISH PRIME MINISTER PREPARES WAY FOR BROAD AGREEMENT ON
MEASURES TO SUPPORT ECONOMY

REF: STOCKHOLM 3446

1. IN VARIOUS INTERVIEWS GRANTED TO JOURNALISTS BY SWEDISH

PRIME MINISTER THORBJORN FALLDIN RECENTLY, HE MADE SEVERAL STATEMENTS OF A CLEARLY CONCILIATORY NATURE TO LABOR AND THE SOCIAL DEMOCRATIC OPPOSITION IN AN EFFORT TO PAVE THE WAY TOWARD BROAD AGREEMENT ON THE BELT-TIGHTENING MEASURES TO BE TAKEN THIS FALL.

2. OPPOSITION AND TRADE UNION PROPAGANDA HAS INSINUATED THROUGHOUT NON-SOCIALIST GOVERNMENT'S TERM OF OFFICE THAT GOVERNMENT IS ANTI-LABOR AND THAT EMPLOYMENT IS NOT ON ITS LIST OF PRIORITIES. BY WAY OF REBUTTAL TO THIS, FALLDIN SAID IN RADIO INTERVIEW ON AUGUST 11: "I PROMISE THAT THE GOVERNMENT, TO THE LIMITS OF WHAT IS PHYSICALLY POSSIBLE, WILL PURSUE AN ECONOMIC POLICY THAT CAN PROVIDE PEOPLE WITH ONE OF THE MOST IMPORTANT OF BASIC RIGHTS--THE RIGHT TO WORK."

3. MANAGEMENT PROPAGANDA, ON THE OTHER SIDE, HAS BEEN INSINUATING THAT THE SOLE RESPONSIBILITY FOR OVER-HIGH PRODUCTION COSTS IN SWEDEN LAY WITH LABOR. IN DISCUSSION COSTS IN HIS RECENT INTERVIEWS, FALLDIN, AGAIN IN WHAT EMBASSY CONSIDERS A CONCILIATORY FASHION, LAID SOME OF THE RESPONSIBILITY AT DOOR OF MANAGEMENT, WHICH HAD PERMITTED CONSIDERABLE WAGE DRIFT OVER AND ABOVE COLLECTIVE BARGAINING AGREEMENT FOR 1975 AND 1976.

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4. THE SOCIAL DEMOCRATIC OPPOSITION HAS OBJECTED TO ALMOST EVERYTHING THE NEW GOVERNMENT HAS DONE, BUT VARIOUS STATEMENTS MADE BY LEADING SOCIAL DEMOCRATS DURING THE SUMMER HAVE HINTED THAT THEIR ATTITUDE MAY BE SOFTENING. FALLDIN, IN THE NATIONWIDE DAILY SVENSKA DAGBLADET OF AUGUST 24, SAID HE SAW THESE STATEMENTS (BY PALME, PARTY SECRETARY STEN ADNERSSON, AND KJELL-OLOF FELDT) AS "AN OPENING FOR DIALOGUE, A CHANGE IN ATTITUDE WHICH I WOULD LIKE TO EMBRACE. . . THEY (THE SOCIAL DEMOCRATS) NOT LONGER DENY THAT THERE ARE PROBLEMS FACING SWEDEN'S ECONOMY. IT IS AN IMPORTANT JOB FOR ME TO MAINTAIN AND PROMOTE A POLITICAL CLIMATE IN WHICH THE DIALOGUE BETWEEN OUR POLITICAL PARTIES IS KEPT ALIVE. IN THE PAST . . . THE SOCIAL DEMOCRATS HAVE NEVER HESITATED TO BEAR THEIR SHARE OF RESPONSIBILITY FOR THE COUNTRY, AND I DON'T THINK THEY ARE GOING TO SHIRK DOING SO NOW EITHER."

5. THE FALLDIN GOVERNMENT HAS COMMITTED ITSELF TO INDEXATION OF INCOME TAX SCALES. THE SOCIAL DEMOCRATS, BACKED THE OTHER DAY BY THE CONFEDERATION OF TRADE UNIONS, HAVE BUILT A WALL OF OPPOSITION TO THIS IN-

TENDED MOVE ON GROUNDS THAT IT WOULD BRING GREATER
RELIEF TO HIGH-INCOME THAN TO LOW-INCOME GROUPS.
HERE, TOO, FALLDIN SHOWED HE WAS WILLING TO BE CON-
CILIATORY BY SAYING, ACCORDING TO SVENSKA
DAGBLADET: "OUR TAX SCALES, OBVIOUSLY, MUST
BE SUBJECT TO CONSTANT REVIEW IN RESPECT OF DISTRIBUTION.
WE CANNOT CHAIN OURSELVES FOREVER TO THE PRESENT SCALES
OR TO THE DISTRIBUTION BETWEEN DIRECT AND INDIRECT
TAXES THAT WE HAVE AT PRESENT." THUS FALLDIN INDICATED
HIS WILLINGNESS TO ADJUST FOR ANY UNFAIR RESULTS OF
INCOME TAX INDEXATION.

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6. THE PRESS INDICATES FALLDIN WILL SHORTLY BE IN-
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VITING THE LABOR MARKET ORGANIZATIONS, SOCIAL DEMOCRATIC
OPPOSITION, AND MUNICIPALITIES (MAJOR EMPLOYERS) FOR
TALKS TO INFORM THEM OF THE CURRENT ECONOMIC
SITUATION AND DISCUSS MEASURES TO BE TAKEN. DAILY
DAGENS NYHETER OF AUGUST 25 SAYS IT WAS INFORMED BY
SPOKESMAN IN GOVERNMENT OFFICES THAT ONE OF THESE
MEASURES WILL BE THE REMOVAL OF THE PAYROLL TAX (FOUR
PERCENT IN MOST AREAS, TWO PERCENT IN NORTHERN
REGIONS). A PACKAGE BILL CONTAINING THIS MOVE WILL BE
ON PARLIAMENT'S TABLE WHEN IT RECONVENES ON OCTOBER 4.

7. AS SVENSKA DAGBLADET'S EDITORIAL OF AUGUST 25 ON
SUBJECT CONCLUDES, HOWEVER, IT REMAINS TO BE SEEN
WHETHER FALLDIN CAN ACHIEVE BROAD AGREEMENT: "THE IN-
VITATION HAS BEEN MADE, BUT THINGS COULD GO AS IN 1947,
WHEN NOTHING CONSTRUCTIVE CAME OUT OF SIMILAR TALKS.
BUT THE FALLDIN GOVERNMENT NEED NOT DESPAIR OVER SUCH
AN OUTCOME. IN ANY CASE IT WILL HAVE TO BEAR THE SOLE
RESPONSIBILITY FOR PUTTING THE COUNTRY'S ECONOMY
BACK ON ITS FEET AGAIN, WHICH IS A JOB IN FULL
ACCORD WITH THE WORDS OF THE GOVERNMENT'S DECLARATION
ON A POLICY IN THE INTERESTS OF THE MAJORITY."
PERRY

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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TAGS: EFIN, SW
To: STATE USEEC MULTIPLE
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vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/72e9df51-c288-dd11-92da-001cc4696bcc
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